



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
LEE COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable L. C. Reese, County Judge/Executive  
Honorable E. T. Kash, Former County Judge/Executive  
Members of the Lee County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Lee County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Lee County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Lee County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Lee County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable L. C. Reese, County Judge/Executive  
Honorable E. T. Kash, Former County Judge/Executive  
Members of the Lee County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Lee County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 1999 on our consideration of Lee County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 31, 1999

LEE COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

E.T. Kash	County Judge/Executive
Thomas Jones	County Attorney
Russell Stamper	County Clerk
Emma Lou Adams	Circuit Court Clerk
Charles Kilburn	Sheriff
Danny Townsend	Jailer
Gary Lutes	Property Valuation Administrator
Glenna Mayes	County Treasurer
Emmett Daughtery	Coroner
Eddie Ray Cornett	Magistrate
Danny Howard	Magistrate
Ronnie Paul Begley	Magistrate
Billy Joe Coomer	Magistrate





STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS



LEE COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 23,980
------	-----------

Road and Bridge Fund:

Cash	38,430
------	--------

Investments	115,981
-------------	---------

Jail Fund:

Cash	761
------	-----

Local Government Economic Assistance Fund:

Cash	574
------	-----

Ambulance Fund:

Cash	41,873
------	--------

Investments	10,000
-------------	--------

Accounts Receivable (Note 5)	542,767
------------------------------	---------

Community Development Block Grant Fund:

Cash	290
------	-----

Solid Waste Fund:

Cash	2,612
------	-------

Other Resources

General Fund:

Amounts to be Provided For in the Future

Public Service Corporation- Note Payable (Note 6)	25,478
---	--------

Total Assets and Other Resources

	\$ 802,746
--	------------

The accompanying notes are an integral part of the financial statements.

LEE COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 1998  
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Due to Judge/Executive for Additional Salary	\$ 17,899
Public Service Corporation- Note Payable (Note 6)	25,478

Ambulance Fund:

Deferred Revenue	542,767
------------------	---------

Fund Balances

Reserved:

Ambulance Fund	51,873
Community Development Block Grant Fund	290
Solid Waste Fund	2,612

Unreserved:

General Fund	6,081
Road and Bridge Fund	154,411
Jail Fund	761
Local Government Economic Assistance Fund	574

Total Liabilities and Fund Balances	<u>\$ 802,746</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LEE COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,391,979	\$ 504,522	\$ 925,033	\$ 37,983
Transfers In	189,212	60,508	21,004	107,700
Kentucky Advance Revenue Program	296,740	153,595	143,145	
	<u>296,740</u>	<u>153,595</u>	<u>143,145</u>	
Total Cash Receipts	<u>\$ 2,877,931</u>	<u>\$ 718,625</u>	<u>\$ 1,089,182</u>	<u>\$ 145,683</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,242,399	\$ 529,009	\$ 717,568	\$ 147,756
Transfers Out	189,212	50,000	60,000	
Lease Purchase Agreement: Principal Paid	38,964	8,964	30,000	
Kentucky Advance Revenue Program Repaid	296,740	153,595	143,145	
	<u>296,740</u>	<u>153,595</u>	<u>143,145</u>	
Total Cash Disbursements	<u>\$ 2,767,315</u>	<u>\$ 741,568</u>	<u>\$ 950,713</u>	<u>\$ 147,756</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 110,616	\$ (22,943)	\$ 138,469	\$ (2,073)
Cash Balance - July 1, 1997*	<u>123,885</u>	<u>46,923</u>	<u>15,942</u>	<u>2,834</u>
Cash Balance - June 30, 1998*	<u>\$ 234,501</u>	<u>\$ 23,980</u>	<u>\$ 154,411</u>	<u>\$ 761</u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

LEE COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Local Government Economic Assistance Fund	Ambulance Fund	Community Development Block Grant Fund	Solid Waste Fund	Local Government Economic Development Fund
\$ 96,894	\$ 575,424	\$ 101,234	\$ 10,775	\$ 140,114
<u>\$ 96,894</u>	<u>\$ 575,424</u>	<u>\$ 101,234</u>	<u>\$ 10,775</u>	<u>\$ 140,114</u>
\$ 29,162 67,700	\$ 567,996 11,004	\$ 101,044	\$ 10,258	\$ 139,606 508
<u>\$ 96,862</u>	<u>\$ 579,000</u>	<u>\$ 101,044</u>	<u>\$ 10,258</u>	<u>\$ 140,114</u>
\$ 32 542	\$ (3,576) 55,449	\$ 190 100	\$ 517 2,095	\$ 0 0
<u>\$ 574</u>	<u>\$ 51,873</u>	<u>\$ 290</u>	<u>\$ 2,612</u>	<u>\$ 0</u>

LEE COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Lee County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Ambulance Fund and Public Services Corporation as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Lee County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.



LEE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with collateral held by the county's agent in the county's name.

LEE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 4. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreements:

General Fund:

Description	Purchase Date	Maturity Date	Interest Rate	Amount
Roof	4/1/1995	10/1/02	5.85%	\$ 28,125
Air Conditioning	2/15/1996	8/15/03	5.85%	\$ 21,981

Road and Bridge Fund:

Description	Purchase Date	Maturity Date	Interest Rate	Amount
KACO - Grader	2/1/1995	2/1/05	5.85%	\$ 74,000
KACO - Truck and Backhoe	7/18/1997	2/1/07	5.85%	\$ 63,000
KACO - Road Paving	12/20/1992	12/20/02	5.85%	\$ 59,000

Note 5. Accounts Receivable

The county has \$542,767 of accounts receivable in the Ambulance Fund. These accounts receivable are comprised of customer billings.

Note 6. Public Service Corporation- Note Payable

The Public Service Corporation assumed a loan balance of \$40,085 from the Kentucky Mountain Farms Co-op due the Kentucky River Point Development Fund Corporation. The Co-op deeded the real estate property to the Public Service Corporation on May 2, 1990. The property was originally purchased with Community Development Block Grant proceeds of \$200,000 from Lee County Fiscal Court. The Fiscal Court maintains their mortgage position on the property. The Public Service Corporation is to pay \$500 per month until the loan is paid in full. The balance of the loan as of June 30, 1998 was \$25,478.

Note 7. Insurance

For the fiscal year ended June 30, 1998, Lee County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



LEE COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 487,881	\$ 504,522	\$ 16,641
Road and Bridge Fund	792,126	925,033	132,907
Jail Fund	37,085	37,983	898
Local Government Economic Assistance Fund	96,866	96,894	28
Ambulance Fund	585,320	575,424	(9,896)
Community Development Block Grant Fund	117,163	101,234	(15,929)
Solid Waste Fund	11,790	10,775	(1,015)
Local Government Economic Development Fund	143,451	140,114	(3,337)
Total	<u>\$ 2,271,682</u>	<u>\$ 2,391,979</u>	<u>\$ 120,297</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,271,682
Add: Budgeted Prior Year Surplus			118,068
Less: Other Financing Uses			<u>(38,965)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,350,785</u>

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SCHEDULE OF OPERATING REVENUE

LEE COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 205,896	\$ 205,896	\$	\$
Excess Fees - 1997	131	131		
Unmined Minerals	13	13		
Fire Protection	2,444	2,444		
County Clerk:				
Deed Transfer Tax	13,157	13,157		
Delinquent Taxes	5,107	5,107		
Excess Fees - 1997	2,406	2,406		
Tangible Personal Property Taxes:				
Other Counties	8,331	8,331		
County Clerk	43,438	43,438		
Bank Shares Tax	15,472	15,472		
Franchise Tax	26,131	18,356		
In Lieu of Taxes	5,213	5,213		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 327,739	\$ 319,964	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grant - Coordinator Salary	\$ 3,383	\$ 3,383	\$	\$
Community Development Block				
Grant - Senior Citizens	101,234			
Disaster and Emergency Assistance				
Grant - 1997 Flood Relief	150,901		150,901	
Disaster and Emergency Assistance				
Grant - 1998 Flood Relief	27,365		27,365	
Federal Disaster and Emergency				
Services/Emergency Management				
Agency Reimbursement	2,283		2,283	
National Forestry Receipts	6,637		6,637	
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 291,803	\$ 3,383	\$ 187,186	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>



LEE COUNTY  
SCHEDULE OF OPERATING REVENUE  
Fiscal Year Ended June 30, 1998  
(Continued)

Local Government Economic Assistance Fund	Ambulance Fund	Community Development Block Grant Fund	Solid Waste Fund	Local Government Economic Development Fund
\$	\$	\$	\$	\$
			7,775	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,775</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$
		101,234		
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 101,234</u>	<u>\$ 0</u>	<u>\$ 0</u>

LEE COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 30,540	\$	\$	\$ 30,540
Medical Allotments	2,685			2,685
Driving Under The Influence Fees	1,122			1,122
Court Costs, Jail Operation	1,648			1,648
County Road Aid	494,209		494,209	
Truck License Distribution	151,651		151,651	
Strip Mine Permits	1,650	1,650		
Courthouse Rental - Administrative				
Office of the Courts	110,058	110,058		
Refunds:				
Legal Process Tax	57	57		
Drivers Licenses	696		696	
Dog Licenses	118	118		
Severance Taxes:				
Coal Impact	29,162			
Mineral	67,403			
Board of Assessments	450	450		
Grants:				
State (Area Development Fund)	140,000			
Transportation Cabinet	66,234		66,234	
Miscellaneous	56			
Totals	\$ 1,097,739	\$ 112,333	\$ 712,790	\$ 35,995
<u>Miscellaneous Revenue</u>				
Interest	\$ 20,803	\$ 6,819	\$ 12,315	\$
Ambulance Fees	568,919			
Surplus Properties Sales	660			660
City / County Project	10,352		10,352	
Law Library Fees	161	161		
Rentals and Leases	1,100	1,100		
911 Fees	36,662	36,662		
Miscellaneous Items	36,041	24,100	2,390	1,328
Totals	\$ 674,698	\$ 68,842	\$ 25,057	\$ 1,988
Total Operating Revenue	\$ 2,391,979	\$ 504,522	\$ 925,033	\$ 37,983

LEE COUNTY  
SCHEDULE OF OPERATING REVENUE  
Fiscal Year Ended June 30, 1998  
(Continued)

Local Government Economic Assistance Fund	Ambulance Fund	Community Development Block Grant Fund	Solid Waste Fund	Local Government Economic Development Fund
\$	\$	\$	\$	\$
29,162				
67,403				
				140,000
				56
\$ 96,565	\$ 0	\$ 0	\$ 0	\$ 140,056
\$ 329	\$ 1,282	\$	\$	\$ 58
	568,919			
	5,223		3,000	
\$ 329	\$ 575,424	\$ 0	\$ 3,000	\$ 58
\$ 96,894	\$ 575,424	\$ 101,234	\$ 10,775	\$ 140,114

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



LEE COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 30,386	\$ 30,000	\$ 386
Secretaries	8,115	8,083	32
Advertising	5,400	4,918	482
Training	500	412	88
Office Materials and Supplies	2,269	2,164	105
New Office Equipment	673	672	1
Telephone	14,900	14,687	213
Office of County Attorney:			
Salaries-			
County Attorney	11,000	11,000	
Secretaries	3,690	3,690	
Office of County Clerk:			
Deputies Salaries	9,015	9,014	1
PVA Copies of Deeds	250	204	46
Tax Bill Preparation	3,000	2,953	47
Office of Sheriff:			
Deputies Salaries	25,921	25,918	3
Bond	2,000	1,173	827
Tax Bill Postage	1,856	1,856	
Materials and Supplies	400	400	
Office of County Coroner:			
Salaries-			
County Coroner	4,335	4,334	1
Deputy Coroner	2,100	2,100	
Office Materials and Supplies	714	664	50
Travel	186	123	63

LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Fiscal Court:			
Magistrates-			
Salaries	\$ 30,651	\$ 30,651	\$
Drug Screens	150	150	
Bonds	1,705	1,704	1
Office Materials and Supplies	286	286	
Office of Property Valuation Administrator:			
Statutory Contribution	5,027	4,802	225
Office of Board of Assessment Appeals:			
Per Diem	1,200	900	300
Office of County Treasurer:			
County Treasurer Salary	8,115	8,083	32
Bond	2,050	2,046	4
Office Materials and Supplies	200	150	50
Office of County Finance Director:			
County Finance Director Salary	20,591	20,590	1
County Law Library:			
Law Librarian Salary	1,200	1,198	2
Periodicals	368	233	135
Elections:			
Per Diem-			
Election Commissioners	4,500	4,500	
Election Officers	3,300	3,228	72
Maintenance on Voting Machines	1,323	1,260	63
Printing and Advertising	432	432	
Polling Places	1,554	1,553	1
New Voting Machines	5,125	5,125	
Courthouse:			
Janitor Salary	16,975	16,921	54
Office Renovation	38,707	38,707	



LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Courthouse: (Continued)			
Parking Lot Rental	\$ 4,200	\$ 4,200	\$
Janitorial Services	5,640	5,637	3
Insurance	14,610	14,609	1
Improvements	8,800	8,791	9
Materials and Supplies	3,800	3,657	143
Utilities	31,075	31,075	
Other County Properties:			
Rental	374	365	9
Utilities	40	17	23
<u>Protection to Persons and Property</u>			
MKRADC, Inc. Program:			
Contributions	5,800	5,750	50
Forestry:			
Contributions	2,100	2,100	
Travel			
County Rescue Squad:			
Contributions	600	600	
Vehicle	475	433	42
Vehicle Repairs	1,269	1,269	
County Fire Department:			
Salaries			
Contributions	14,200	13,797	403
Utilities	3,685	3,678	7
Truck Repairs	6,812	6,805	7
Disaster and Emergency Services:			
Director Salary	8,400	8,400	
Radio Repairs	396	311	85
911 Signs	1,999	1,960	39

LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Disaster and Emergency Services: (Continued)			
Emergency Equipment	\$ 26,196	\$ 26,196	\$
Office Materials and Supplies	1,520	1,339	181
Travel	400	308	92
Office of Public Defender:			
Contribution	1,000	928	72
<u>General Health and Sanitation</u>			
Dog Control:			
Contribution	14,425	14,229	196
Supplies	400	286	114
<u>Social Services</u>			
City of Beattyville:			
Contribution - Fireworks	500	500	
Senior Citizens Program:			
Contribution	3,000	3,000	
Van	2,700	2,693	7
Green Thumb Contribution	200	200	
Tables	3,200	3,200	
Supplies	430	427	3
Services to Children and Youth:			
Contribution	300	300	
Youth Sports Contributions	2,000	2,000	
Cemeteries and Memorials:			
Pauper Burials	1,000	1,000	
General Charity and Welfare:			
Victims Assistance	1,340	1,340	
Jail Medical	806	806	

LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Debt Service</u>			
KARP:			
Interest	\$ 3,302	\$ 3,284	\$ 18
Other County Liabilities:			
Interest	1,100	1,100	
Lease-Purchase Agreements	3,160	3,157	3
<u>Administration</u>			
General Services:			
Audits	17,847	17,847	
Bank Charges	75	75	
Dues-			
Ky River RC & D	300	300	
KRADD	4,850	4,846	4
KACO	800	800	
Miscellaneous	750	734	16
Fringe Benefits:			
County Contributions-			
Social Security	23,684	23,682	2
Retirement	27,297	27,296	1
Worker's Compensation	5,010	5,010	
Unemployment Insurance	1,880	1,788	92
Total Operating Budget	\$ 533,916	\$ 529,009	\$ 4,907
Other Financing Uses:			
Lease-Purchase Agreement			
Principal	8,965	8,964	1
Kentucky Advance Revenue Program-			
Principal	153,595	153,595	
Total General Fund	\$ 696,476	\$ 691,568	\$ 4,908

LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>Transportation Facilities and Services</u>			
Road Facilities:			
County Garage-			
Insurance and Repairs	\$ 14,680	\$ 14,494	\$ 186
Utilities	5,675	5,492	183
Road Maintenance:			
Salaries-			
Road Foreman	18,245	18,245	
Road Labor	91,064	90,621	443
Contracted Services	81,680	78,539	3,141
Asphalt	271,630	269,771	1,859
Culverts	5,858	5,857	1
Crushed Stone and Gravel	91,565	90,576	989
Diesel Fuel	15,815	15,551	264
Machinery and Equipment-			
Repairs	46,490	46,006	484
New Road Machinery	4,942	3,643	1,299
Materials	32,777	32,542	235
Medical Services	100	85	15
Slide Repair	10,000		10,000
Miscellaneous	1,000	964	36
National Forest Services Receipts/Schools:			
Contribution	3,630	3,318	312
Disaster and Emergency Services:			
Director Salary	2,068	2,068	
<u>Debt Service</u>			
KARP:			
Interest	3,078	3,061	17
Other County Liabilities:			
Lease-Purchase Agreements	12,425	11,002	1,423
Land:			
Land Purchase	600	600	

LEE COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES  
Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 9,855	\$ 9,596	\$ 259
Social Security	8,435	8,077	358
Worker's Compensation	5,010	5,010	
Unemployment Insurance	2,450	2,450	
Total Operating Budget	\$ 739,072	\$ 717,568	\$ 21,504
Other Financing Uses:			
Lease-Purchase Agreements-			
Principal	30,000	30,000	
Kentucky Advance Revenue Program-			
Principal	143,145	143,145	
Total Road and Bridge Fund	\$ 912,217	\$ 890,713	\$ 21,504

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 21,000	\$ 21,000	\$
Jail Personnel	6,000	5,909	91
Operations-			
Food	76	75	1
Gasoline	2,400	2,386	14
Office Supplies	75		75
Routine Medical	6,575	6,456	119
Staff Travel	200	85	115
Vehicle	4,200	4,200	
Other Contracted Services	1,360	1,360	
Utilities	100	93	7
Radio Repair	400	291	109

LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Operations: (Continued)			
Vehicle Maintenance	\$ 1,757	\$ 1,660	\$ 97
Housing Prisoners - Other Counties	92,282	92,282	
Housing Juveniles Prisoners - Other Counties	8,025	8,025	
Miscellaneous Operating Expense	100	89	11
<u>Administration</u>			
General Services:			
Dues	50	50	
Contingent Appropriations:			
Reserve for Budget Transfers	139		139
Fringe Benefits:			
County Contributions-			
Retirement	1,850	1,817	33
Social Security	2,000	1,978	22
Total Jail Fund	<u>\$ 148,589</u>	<u>\$ 147,756</u>	<u>\$ 833</u>
LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND</u>			
<u>Roads</u>			
Crushed Stone and Gravel	<u>\$ 29,162</u>	<u>\$ 29,162</u>	<u>\$ 0</u>

LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>AMBULANCE FUND</u>			
<u>Ambulance Operations</u>			
Ambulance Office:			
Salaries-			
Director	\$ 12,480	\$ 12,400	\$ 80
Dispatchers	30,500	30,085	415
EMTs and Drivers	327,297	327,189	108
Accounting and Billing Service	37,400	37,272	128
Building Insurance	14,825	14,825	
Utilities	7,000	6,087	913
Custodian Personnel	2,163	2,163	
Cleaning Supplies	2,000	1,337	663
Ambulance Service:			
Gasoline, Oil, Lubricants	20,500	18,955	1,545
Tires	3,400	3,265	135
Uniform Allowance	4,200	3,975	225
Medical Services	1,633	1,633	
Medical Supplies	12,000	10,573	1,427
Training	1,500	933	567
Radio Maintenance and Repair	7,000	6,748	252
Ambulance Maintenance and Repair	20,851	20,072	779
Vehicle	50,000		50,000
Miscellaneous	1,000	980	20
<u>Administration</u>			
General Services:			
Dues	25	25	
Fringe Benefits:			
County Contributions-			
Retirement	\$ 27,720	\$ 25,580	\$ 2,140
Social Security	27,515	27,266	249
Worker's Compensation	11,033	11,033	
Unemployment Insurance	5,600	5,600	
Total Ambulance Fund	<u>\$ 627,642</u>	<u>\$ 567,996</u>	<u>\$ 59,646</u>

LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<b>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</b>			
Senior Citizens Renovation	\$ 117,163	\$ 101,044	\$ 16,119
<b><u>SOLID WASTE FUND</u></b>			
<b><u>Administration</u></b>			
General Services:			
Coordinator's Salary	\$ 6,735	\$ 6,735	\$
Conferences and Training	375	277	98
Travel	15		15
Supplies	170	101	69
Licenses	480	480	
Payments to Government Agencies	2,150	2,150	
Contingent Appropriations:			
Reserve for Budget Transfers	1,000		1,000
Fringe Benefits:			
County Contributions-			
Retirement	265		265
Social Security	520	515	5
Worker's Compensation	80		80
Total Solid Waste Fund	\$ 11,790	\$ 10,258	\$ 1,532
<b>LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND</b>			
<b><u>Administration</u></b>			
General Services:			
Engineering Services	\$ 13,674	\$ 13,674	\$
Appraisal Services	1,226	875	351
State Grant	3,451		3,451
Land Purchase	125,000	125,000	
Bank Service Charges	100	57	43
Total Local Government Economic Development Fund	\$ 143,451	\$ 139,606	\$ 3,845



LEE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
Total Operating Budget - All Funds	\$ 2,350,785	\$ 2,242,399	\$ 108,386
Other Financing Uses:			
Borrowed Money-			
Principal	38,965	38,964	1
Kentucky Advance Revenue Program-			
Principal	296,740	296,740	
TOTAL BUDGET - ALL FUNDS	<u>\$ 2,686,490</u>	<u>\$ 2,578,103</u>	<u>\$ 108,387</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





## Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable L. C. Reese, County Judge/Executive  
Honorable E. T. Kash, Former County Judge/Executive  
Members of the Lee County Fiscal Court

### Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Lee County Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated August 31, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Lee County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lee County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable L. C. Reese, County Judge/Executive  
Honorable E. T. Kash, Former County Judge/Executive  
Members of the Lee County Fiscal Court  
Report On Compliance And On Internal Control Over  
Financial Reporting Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 31, 1999

CERTIFICATION OF COMPLIANCE – LOCAL  
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

LEE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998



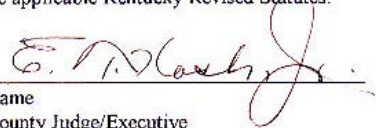


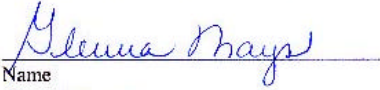
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

LEE COUNTY FISCAL COURT

The Lee County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
Name  
County Judge/Executive

  
Name  
County Treasurer